

United States Court
Southern District of Texas
FILED

JAN 19 2017

David J. Bradley, Clerk of Court

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

UNITED STATES OF AMERICA

v.

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§

CRIMINAL NO.

17 CR 037

DERWIN JEROME BLACKSHEAR and
TERRANJALA WILDER SMITH
a/k/a "Denise"

CRIMINAL INDICTMENT

The Grand Jury Charges That:

Sealed

Public and unofficial staff access
to this instrument are
prohibited by court order.

INTRODUCTION

During calendar years 2012 through 2015, Derwin Jerome Blackshear and Terranjala Wilder Smith, doing business in Houston, Texas as Level 1 Tax Services, aided and assisted in the preparation of dozens of materially false client tax returns by reporting false wages and withholding taxes for clients on their 2011 through 2014 U.S. Individual Income Tax Returns – Forms 1040 and then claiming fraudulent refunds of the falsely reported withholding taxes totaling more than \$250,000. Derwin Jerome Blackshear and Terranjala Wilder Smith received a portion of these fraudulent refunds as fees for preparing and filing the fraudulent tax returns.

COUNTS ONE THROUGH TWENTY-FIVE
[Aiding and Assisting in the Preparation of False Tax Returns]
[26 U.S.C. § 7206(2) and 18 U.S.C. § 2]

On or about the dates specified below, in the Houston Division of the Southern District of Texas,

DERWIN JEROME BLACKSHEAR

~~TERRANJALA~~ and
~~TERRANJALA~~ WILDER SMITH a/k/a "Denise"

S/K

defendants herein, aiding and abetting one another and others known and unknown to the Grand

Jury, did willfully aid and assist in, and procure, counsel, and advise the preparation and presentation to the Internal Revenue Service, an agency of the United States Treasury Department, of U.S. Individual Income Tax Returns, Forms 1040, either individual or joint, for the taxpayers and tax years hereinafter specified, which were false and fraudulent as to material matters, in that they represented that the taxpayers were entitled under the provisions of the Internal Revenue laws to report income and claim losses, expenses, deductions, credits, payments and refunds in the approximate amounts hereinafter specified, whereas, as the defendant then and there well knew and believed, the taxpayers were not entitled to report such income and claim such losses, expenses, deductions, credits, payments and refunds in the approximate amounts hereinafter specified, but in greater or lesser amounts:

Count	Date of Offense	Taxpayer(s) Name(s)	Tax Year	False Item(s)	Approximate Amount Claimed
1	02/25/13	K Boulds	2012	Form 1040, Line 7, Wages, salaries, tips, etc. Form 1040, Line 62, Federal income tax withheld from Forms W-2 and 1099 Form 1040, Line 74a, Amount to be refunded	\$ 18,056 \$ 2,276 \$ 1,443
2	02/14/14	K Boulds	2013	Form 1040, Line 7, Wages, salaries, tips, etc. Form 1040, Line 62, Federal income tax withheld from Forms W-2 and 1099 Form 1040, Line 74a, Amount to be refunded	\$ 12,752 \$ 1,670 \$ 1,514

Count	Date of Offense	Taxpayer(s) Name(s)	Tax Year	False Item(s)	Approximate Amount Claimed
3	03/25/15	K Boulds	2014	Form 1040, Line 7, Wages, salaries, tips, etc. Form 1040, Line 64, Federal income tax withheld from Forms W-2 and 1099 Form 1040, Line 76a, Amount to be refunded	\$ 17,428 \$ 1,393 \$ 1,298
4	01/22/12	J Broussard	2011	Form 1040, Line 7, Wages, salaries, tips, etc. Form 1040, Line 62, Federal income tax withheld from Forms W-2 and 1099 Form 1040, Line 74a, Amount to be refunded	\$ 11,213 \$ 2,246 \$ 2,075
5	03/10/13	J Broussard	2012	Form 1040, Line 7, Wages, salaries, tips, etc. Form 1040, Line 62, Federal income tax withheld from Forms W-2 and 1099 Form 1040, Line 74a, Amount to be refunded	\$ 12,312 \$ 1,412 \$ 1,156

Count	Date of Offense	Taxpayer(s) Name(s)	Tax Year	False Item(s)	Approximate Amount Claimed
6	02/13/12	L Campbell	2011	Form 1040, Line 7, Wages, salaries, tips, etc. Form 1040, Line 62, Federal income tax withheld from Forms W-2 and 1099 Form 1040, Line 74a, Amount to be refunded	\$ 8,617 \$ 1,453 \$ 1,838
7	01/27/13	L Campbell	2012	Form 1040, Line 7, Wages, salaries, tips, etc. Form 1040, Line 62, Federal income tax withheld from Forms W-2 and 1099 Form 1040, Line 74a, Amount to be refunded	\$ 13,920 \$ 2,298 \$ 1,884
8	02/01/14	L Campbell	2013	Form 1040, Line 7, Wages, salaries, tips, etc. Form 1040, Line 62, Federal income tax withheld from Forms W-2 and 1099 Form 1040, Line 74a, Amount to be refunded	\$ 13,054 \$ 1,847 \$ 1,636

Count	Date of Offense	Taxpayer(s) Name(s)	Tax Year	False Item(s)	Approximate Amount Claimed
9	03/20/15	L Campbell	2014	Form 1040, Line 7, Wages, salaries, tips, etc. Form 1040, Line 18, Farm income or (loss) Form 1040, Line 26, Moving expenses Form 1040, Line 64, Federal income tax withheld from Forms W-2 and 1099 Form 1040, Line 76a, Amount to be refunded	\$ 14,055 (\$ 4,379) (\$ 2,544) \$ 1,269 \$ 1,550
10	02/07/12	L Gage	2011	Form 1040, Line 7, Wages, salaries, tips, etc. Form 1040, Line 62, Federal income tax withheld from Forms W-2 and 1099 Form 1040, Line 74a, Amount to be refunded	\$ 10,126 \$ 2,548 \$ 2,484
11	03/19/13	L Gage	2012	Form 1040, Line 12, Business income or (loss) Form 1040, Line 64a, Earned income credit (EIC) Form 1040, Line 74a, Amount to be refunded	\$ 9,794 \$ 3,154 \$ 3,571

Count	Date of Offense	Taxpayer(s) Name(s)	Tax Year	False Item(s)	Approximate Amount Claimed
12	01/29/14	L Gage	2013	Form 1040, Line 7, Wages, salaries, tips, etc. Form 1040, Line 64a, Earned income credit (EIC) Form 1040, Line 74a, Amount to be refunded	\$ 12,500 \$ 3,250 \$ 4,250
13	02/16/12	M Glover	2011	Form 1040, Line 7, Wages, salaries, tips, etc. Form 1040, Line 62, Federal income tax withheld from Forms W-2 and 1099 Form 1040, Line 74a, Amount to be refunded	\$ 12,024 \$ 2,255 \$ 2,129
14	02/28/13	M Glover	2012	Form 1040, Line 7, Wages, salaries, tips, etc. Form 1040, Line 62, Federal income tax withheld from Forms W-2 and 1099 Form 1040, Line 74a, Amount to be refunded	\$ 11,706 \$ 1,756 \$ 1,733

Count	Date of Offense	Taxpayer(s) Name(s)	Tax Year	False Item(s)	Approximate Amount Claimed
15	02/13/12	M Hood	2011	Form 1040, Line 7, Wages, salaries, tips, etc. Form 1040, Line 62, Federal income tax withheld from Forms W-2 and 1099 Form 1040, Line 74a, Amount to be refunded	\$ 9,633 \$ 1,777 \$ 2,072
16	01/27/13	M Hood	2012	Form 1040, Line 7, Wages, salaries, tips, etc. Form 1040, Line 62, Federal income tax withheld from Forms W-2 and 1099 Form 1040, Line 74a, Amount to be refunded	\$ 21,734 \$ 3,260 \$ 1,899
17	03/11/14	M Hood	2013	Form 1040, Line 7, Wages, salaries, tips, etc. Form 1040, Line 62, Federal income tax withheld from Forms W-2 and 1099 Form 1040, Line 74a, Amount to be refunded	\$ 19,853 \$ 1,811 \$ 1,585

Count	Date of Offense	Taxpayer(s) Name(s)	Tax Year	False Item(s)	Approximate Amount Claimed
18	02/08/13	V Jackson	2012	Form 1040, Line 7, Wages, salaries, tips, etc. Form 1040, Line 62, Federal income tax withheld from Forms W-2 and 1099 Form 1040, Line 74a, Amount to be refunded	\$ 13,539 \$ 1,594 \$ 1,251
19	02/03/14	V Jackson	2013	Form 1040, Line 7, Wages, salaries, tips, etc. Form 1040, Line 64a, Earned income credit (EIC) Form 1040, Line 74a, Amount to be refunded	\$ 17,626 \$ 5,813 \$ 8,399
20	02/04/15	V Jackson	2014	Form 1040, Line 7, Wages, salaries, tips, etc. Form 1040, Line 66a, Earned income credit (EIC) Form 1040, Line 76a, Amount to be refunded	\$ 18,586 \$ 5,849 \$ 8,640
21	02/15/12	S Singleton	2011	Form 1040, Line 7, Wages, salaries, tips, etc. Form 1040, Line 62, Federal income tax withheld from Forms W-2 and 1099 Form 1040, Line 74a, Amount to be refunded	\$ 8,113 \$ 1,583 \$ 2,006

Count	Date of Offense	Taxpayer(s) Name(s)	Tax Year	False Item(s)	Approximate Amount Claimed
22	01/28/13	S Singleton	2012	Form 1040, Line 7, Wages, salaries, tips, etc. Form 1040, Line 62, Federal income tax withheld from Forms W-2 and 1099 Form 1040, Line 74a, Amount to be refunded	\$ 18,394 \$ 2,759 \$ 1,896
23	02/17/14	C Smith	2013	Form 1040, Line 7, Wages, salaries, tips, etc. Form 1040, Line 40, Itemized Deductions Form 1040, Line 62, Federal income tax withheld from Forms W-2 and 1099 Form 1040, Line 74a, Amount to be refunded	\$ 27,350 \$ 24,143 \$ 2,287 \$ 4,964
24	04/15/15	C Smith	2014	Form 1040, Line 12, Business income or (loss) Form 1040, Line 66a, Earned income credit (EIC) Form 1040, Line 76a, Amount to be refunded	(\$ 10,770) \$ 3,082 \$ 5,181

Count	Date of Offense	Taxpayer(s) Name(s)	Tax Year	False Item(s)	Approximate Amount Claimed
25	03/27/15	A Pinero	2014	Form 1040, Line 26, Moving expenses Form 1040, Line 76a, Amount to be refunded	\$ 5,309 \$ 772

In violation of Title 26, United States Code, Section 7206(2) and Title 18, United States Code, Section 2.

A TRUE BILL:

FOREPERSON OF THE GRAND JURY

Original signature on File

KENNETH MAGIDSON
UNITED STATES ATTORNEY

By:

Jimmy Sledge Jr.
Assistant United States Attorney